



Heather Shirley Smith
Deputy General Counsel

Duke Energy
40 W. Broad Street
Suite 690
Greenville, SC 29601

o: 864.370.5045
f: 864.370.5183

heather.smith@duke-energy.com

April 25, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

**RE: Amended Project Development Application of Duke Energy Carolinas, LLC for Approval of Decision to Incur Nuclear Generation Pre-Construction Costs
PSCSC Docket No. 2011-20-E**

Dear Ms. Boyd:

Attached is the report of activities and expenditures for Lee Nuclear Station for the period ending March 30, 2019.

Please note that due to the cancellation of the project, we hereby request to terminate the required reporting on this matter.

Should you have any questions regarding this matter, please do not hesitate to contact me at 864.370.5045.

Sincerely,

Heather Shirley Smith

Enclosure

cc: Ms. Nanette Edwards, Office of Regulatory Staff
Ms. Dawn Hipp, Office of Regulatory Staff
Mr. Michael Seaman-Huynh, Office of Regulatory Staff
Parties of Record

April 25, 2019

Re: Lee Nuclear Station
Public Service Commission South Carolina (PSCSC)
Project Development Work Activities and
Project Spend to Date as of March 31, 2019

File: WL 4000.20-12


Attachment:

1. PSCSC Report Preconstruction Costs for Lee Nuclear Station Project Development Activities January 1, 2011 – March 31, 2019

This memo documents the project development activities and associated preconstruction costs for Lee Nuclear Station project between January 1, 2011 and March 31, 2019 pursuant to the PSCSC July 1, 2011 project development order. On December 19, 2016 Duke received the COL.

There were no transactions during the first quarter of 2019. No additional charges to the project are planned or expected.

Total Lee Nuclear project cost through March 31, 2019, is \$558.7 million, inclusive of \$247.6 million in AFUDC. These are the final numbers for the project.



Erik G. Wagner
Lead Nuclear Engineer
Subsequent License Renewal

Xc: Heather Smith (w/att)
Steve Snider (w/att)

April 25, 2019

Attachment 1:

PSCSC Report
Preconstruction Costs for Lee Nuclear Station Project Development Activities
January 1, 2011 – March 31, 2019

| Task Description | 01/01/2011-12/31/2017 | 01/01/2018 - 12/31/18 | 12/31/2018 - 3/31/19 | Project Totals to Date |
|--|------------------------------|------------------------------|-----------------------------|-------------------------------|
| COLA Preparation | (\$254,088) | (\$2,149) | \$0 | \$25,064,851 |
| NRC Review & Hearing Fees | \$62,127,933 | \$0 | \$0 | \$110,488,035 |
| Land and Right-of-way Purchases | \$1,601,087 | \$0 | \$0 | \$44,341,359 |
| Pre-construction and Site Preparation | \$27,727,797 | (\$237) | \$0 | \$48,354,567 |
| Supply Chain, Construction Planning, and Detailed Engineering | \$31,696,136 | \$0 | \$0 | \$53,276,288 |
| Operational Planning | \$3,675,073 | (\$100,000) | \$0 | \$4,694,175 |
| Post COL | \$1,949,906 | \$0 | \$0 | \$1,949,906 |
| Allocate | \$13,245,939 | \$548,297 | \$0 | \$22,904,316 |
| AFUDC | \$208,023,628 | \$0 | \$0 | \$247,607,083 |
| TOTAL | \$349,793,411 | \$445,911 | \$0 | \$558,680,580 |

The activities included in each category are as follows:

COLA Preparation – includes Duke labor, expenses and contract support for preparation of the Combined Construction and Operating License (COL) Application tendered to the Nuclear Regulatory Commission (NRC) on December 13, 2007. The NRC determined the application was suitable for review and docketed the application on February 25, 2008.

NRC Review and Hearing Fees – includes the cost of the NRC review fees, Duke labor and expenses, contract labor and legal support required to support the NRC review of the Lee Nuclear Station COL application, and preparation for the Advisory Committee on Reactor Safeguards Subcommittee Hearing. Category also includes interactions with South Carolina Department of Health and Environmental Control (SCDHEC) and the US Army Corps of Engineers (USACE), as required to move the environmental permit applications forward. The Lee project received the

April 25, 2019

National Pollutant Discharge Elimination System (NPDES) Operations permit on July 17, 2013. The Final Environmental Impact Statement was issued by the NRC on December 23, 2013, and the 401 Water Quality Certification was issued on January 2, 2014. The Final Environmental Impact Statement prepared by the U.S. Forest Service to support mitigation activities in Sumter National Forest was issued on December 5, 2014. Lee Nuclear Station received its USACE 404 Permit on September 29, 2015.

Land and Right-of-Way Purchases – includes the purchase of land required for the Lee site and rail right-of-ways. Category also includes cost of purchasing additional land for a supplemental cooling pond in event of severe drought, as well as costs for surveying the selected transmission right-of-way.

Pre-construction and Site Preparation – includes site activities to both maintain the site and prepare the site for construction. Site preparation activities included: dewatering and cleanup of the excavated area, site remediation activities required to identify and properly dispose of hazardous wastes, and costs associated with the demolition and removal of unusable structures. Necessary maintenance of existing rail bed and required Make-up Pond B spillway repair were completed. Engineering of offsite infrastructure for potable water, sewer, and rail spur; and, geotechnical evaluations (needed for engineering) have been completed. Engineering for bringing communications to the site is also included in this category. Engineering of necessary traffic improvements was brought to 85% completion by December 2013.

Supply Chain, Construction Planning and Engineering – includes activities associated with working with the supplier to negotiate an Engineering, Procurement and Construction (EPC) agreement. Negotiations in 2008 did not result in an executed contract. Conceptual site specific engineering and construction planning activities necessary to develop a complete project definition are included in this category. Detailed site specific engineering began in January 2011 and was brought to 70% completion in December 2013. Commercial building design activities started in June 2012. Design of the first six commercial buildings was completed in December 2013.

Operational Planning – includes activities associated with operator and plant staff training, including costs associated with the Knowledge and Abilities Catalog, required for operator license examinations for AP1000 plants, and the standardization of the nomenclature in the Westinghouse Master Equipment List (MEL). Additional activities included: supporting operations program development, such as Quality Assurance (QA) Program, and the review of approximately 500 procedures. The training materials, operational programs, and operating procedures were developed in concert with other AP1000 utilities within the APOG framework. The *Operational Planning* category also includes generation of administrative procedures that must be in place upon receipt of COL from NRC.

Post COL – A Combined Construction Permit and Operating License (COL) was received for the Lee AP1000 Project in December 2016. Design finalization and first-of-a-kind construction issues at the lead plants (Summer 2 and 3, Vogtle 3 and 4) have required Westinghouse to make numerous changes to the AP1000 design. Design changes continue to be issued as the lead plants advance towards completion. License change packages were assembled to start the process of aligning the Lee COL with the lead plant COL. Construction of the Summer units was cancelled by the owners

April 25, 2019

in 2017. Duke Energy Carolinas filed its Request for Approval to Cancel the Lee Nuclear Project on August 25, 2017 in Docket Nos. E-7, Sub 819 and E-7, Sub 1146.

Allocate – Labor burdens and allocated labor. This category had previously been manually spread to create the SCUC report. It has been determined that it is more accurate to show these charges in a separate bucket. Charges which do not fit in other categories (e.g. O&M costs) are also included here.

Notes:

- 1) Some engineering costs (project LCOLAEPC), which were previously included in the "Pre-construction and Site Preparation" category, are now included in the "Supply Chain, Construction Planning, and Detailed Engineering" category. These corrections did not affect the project total cost.
- 2) Expenses incurred for Lee Nuclear (COL maintenance and project close-out) during 2017 and 2018 (\$638,479) are included in this spreadsheet. The project incurred O&M costs only in 2017 and 2018 (i.e. post-COL).
- 3) The "Project Totals to Date" column reflects all project costs (including pre-2011 costs and O&M costs).
- 4) There were no transactions during the first quarter of 2019. No additional charges to the project are planned or expected. These are the final numbers for the project.